

DERBY CITY COUNCIL

NOTES OF BUDGET CONSULTATION MEETING WITH REPRESENTATIVES OF NON-DOMESTIC RATEPAYERS AND THE BUSINESS COMMUNITY AND PARTNERS

HELD 9 FEBRUARY 2023

Present: Representing Derby City Council

Councillor Poulter – Leader of the Council
Councillor Smale – Cabinet Member for Finance, Digital and Culture
Councillor Barker – Cabinet Member for Governance
Simon Riley – Strategic Director of Corporate Resources
Alison Parkin – Director of Financial Services

Representing Non-Domestic Ratepayers and the Business Community and Partners

The meeting was hosted by Marketing Derby and 40 representatives of the business community, partners and bondholders attended.

1 Introduction

Councillor Poulter (Leader of the Council) and Simon Riley (Strategic Director of Corporate Resources) outlined the budget position.

They explained that Council Cabinet would be meeting on 15 February 2023, to make recommendations to the City Council about setting the budget for the financial years, 2023/24 – 2025/26. This meeting was part of the programme of consultation, which would help to inform the decisions made by the Council Cabinet and its recommendations to Council.

2 Budget Process

The Leader of the Council set out how the Council was working with the city and for the city and was setting an ambitious budget. He outlined the particular issues facing all local authorities this year including, the cost of living, cost of materials and energy prices along with increases in demand for services particularly in children's and adult services.

There were positives to report for example, Castleward, developments at Derbion, plans Derby University had for the city, the learning theatre, market hall and eastern gateway, Smartparc, and combined authority.

There had been some announcements this week in relation to Alstrom opening a student and graduate academy on the St Modwen's site and Vaillant investing in technical jobs. There would be further announcements in due course.

The Council was looking for a development partner to take forward the city centre ambition.

Simon Riley outlined that national position in relation to local government finance. There was around £3.2 billion shortfall in funding across local government. He also referred to the position with leveraging money into the city, for example Smartparc and the academy at Infinity Park.

Simon explained about the needs within the city, the shift in where the Council targeted its money, the position with pressures, the budget challenge for next year, inflation, useable reserves, savings targets, balancing the budget, response to the budget consultation, the capital programme, sustainability and the ask of the city which was a shared problem, shared response and shared opportunities.

3 Comments from the Meeting

Comments were invited from those present, both on the budget consultation document which was available before hand and on the information presented at the meeting. The substance of these and the replies given were:

John Forkin, Marketing Derby, asked if other local authorities were in a similar position to Derby.

Simon Riley explained that the Council was managing its pressures better than many of its neighbours. Many other Councils had huge budget gaps in future years and this could very quickly become unsustainable. Derby was setting a budget with no use of reserves and an approach to tackle the gap.

Councillor Poulter explained that Derby was not an outlier but the City has the historical legacy of a low level of useable reserves.

Jackie Carpenter – Derventio asked about local government reorganisation and joint budgeting / commissioning opportunities.

Councillor Poulter explained how the combined authority would work and the wider benefits from being a combined authority. He also said that local government reorganisation would be of considerable benefit to the area.

Councillor Smale explained that there were a lot of developments on the boundary of the city, where people used the services of the city but paid their Council Tax to a different authority.

John Forkin asked if there was any pressure from the business communities for local government reorganisation.

Scott Knowles from East Midlands Chamber explained about the natural economic geography and the benefits devolution would bring but he was concerned that it may not be the optimum size and that a 3 counties, 3 cities devolution may be better.

John Forkin asked about how sustainability could be demonstrated when so much of the budget was not controllable particularly in relation to children's and

adult services. If services were to be cut they needed to be in the smaller budget areas such as libraries, museums etc. In demonstrating sustainability where does income generation fit in.

Simon Riley explained that business cases for wider development in the City needed to be robust and well evidenced, professional investment cases. The wider benefits (such as Business Rates, Council Tax) needed to be taken into consideration. The current national system in relation to business rates was not working, Councils only retained 50% of the business rates and the rest goes to central government.

Councillor Poulter asked for continued support from partners and bond holders for the ambition to make a significant difference to the city centre. He reported that there was interest from major businesses wanting to come to the city and work in partnership. Shared Prosperity Fund had secured £6m to support businesses and place initiatives

Patrick Kniverton asked if any innovative ideas had been found to deal with the position with social care. He was also concerned about the level of reserves.

Councillor Poulter explained that the Council was in constant discussions with other authorities about social care. He reported that there was a focus on rationalising properties and bring people back to the Council House to try and restore useable reserves.

Simon Riley explained that the Council would be susceptible to another shock to the budget without having a significant affect on sustainability. He reported that the Council planned to put £8m back into useable reserves over the next 3 years, to build resilience. He also reported on understated successes for example the number of looked after children had reduced from 678 to 631. This was due to measures put in place to help prevent children coming into care. Around £10m of costs had been avoided by this achievement. It was noted that the city children's services had received an outstanding rating from Ofsted.

Councillor Smale explained that the cost for the top 10 most expensive children looked after was £7.2m, with one child costing £2.1m.

4. Conclusion

John Forkin – Marketing Derby thanked the representatives and the businesses and partner representatives for attending the meeting and invited comments and questions to be submitted to the City Council by 15 February 2023.

MINUTES END